

EXECUTIVE SECRETARIAT
Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EE0				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	<u>DD/ECON</u>		✓		
21					
22					
SUSPENSE		Date			

Remarks: Make Copies for
EX RA n CGV

NSC review completed.

Executive Secretary
10/12/82
Date

Copied to:

D/OGI

OGI

D/EURA

Route:

C/NIC

VC/NIC

NIO/WE

NIO/AL - Hans

STAT

STAT

THE WHITE HOUSE
WASHINGTON

82-12087/1

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 10-8-82 NUMBER: 077530CA DUE BY: _____
SUBJECT: Subsidized Agricultural Exports

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Wheeler	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Kudlow	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Attached for your information is a report on the Subsidized Agricultural Exports in response to questions raised at the September 16 meeting of the Cabinet Council on Economic Affairs.

RETURN TO:

☐ Craig L. Fuller
Assistant to the President

☒ Becky Norton Dunlop
Director, Office of

DCI
EXEC
REG

THE WHITE HOUSE

WASHINGTON

October 5, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ROGER B. PORTER *RBP*

SUBJECT: Subsidized Agricultural Exports

At its September 16 meeting, the Council discussed the issue of subsidized agricultural exports and requested the Department of Agriculture to develop specific proposals to improve the U.S. agriculture trade position.

In response to several questions that were raised in the discussion about U.S.-European comparisons and comparisons with other countries, the Department of Agriculture has prepared the attached information paper.

Attachment



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

October 1, 1982

TO: Members of the Cabinet Council
on Economic Affairs

At a recent meeting of the Cabinet Council on Economic Affairs I brought to your attention the fact that the EC subsidizes its agricultural exports extensively. Also highlighted was the point that their subsidies were concentrated on high value agricultural products which have hurt us in the way of additional employment and GNP.

At that time a number of questions were raised concerning: (1) a comparison of our agricultural expenditures versus those of the EC; (2) the level of grain stocks that the U.S. carries; (3) the level of agricultural exports from the EC to the USSR; and (4) the share of world agricultural exports that the U.S. has compared to those of other nations. Attached you will find a summary page that answers these questions, in addition to four tables that give a more detailed perspective on these issues.

A handwritten signature in cursive script, reading "John Block", is positioned above the typed name.

Secretary

Attachments

Attached are four tables that highlight the adjustment burden the United States is carrying for the rest of the world and the problems we face in maintaining our markets within the current trade policy environment.

European and United States Government Expenditures on Agriculture, 1977-81

- Over the past five years the EC has spent more than twice as much money in support of agriculture as the United States per unit of production value.
- While EC outlays for agriculture from 1977 to 1981 increased nearly 75 percent, the outlays for marketing and processing have doubled. Most of the outlays in this category are for export subsidies.
- In recent years EC outlays for marketing and export subsidies have constituted around one-third of total outlays as they moved into export markets.

World Grain Stocks

- World grain stocks have increased nearly 30 percent since 1980/81 with virtually all of the buildup in the United States.
- At the end of 1982/83, world stocks will be at the highest level in over 20 years, and equal to about 16 percent of annual usage.
- The U.S. will be carrying 54 percent of the stocks; the largest share of world stocks since the early 1960's.
- U.S. stocks will equal about 42 percent of domestic and export use while the rest of the world's stocks to use ratio is only 8 percent.

USSR Agricultural Imports from the U.S. and the EC

- Since 1979 USSR purchases from the U.S. have fallen by over 30 percent and purchases from the EC have nearly quadrupled.
- In 1979 the USSR imported \$3 billion in agricultural products from the United States and around one-half billion dollars in products from the EC.
- In 1982, after the 1980 embargo had been lifted, estimated USSR purchases from the U.S. totaled around \$2 billion while purchases from the EC totaled around \$2.1 billion.

World Agricultural Exports

- The United States accounts for around 19 percent of the world's total agricultural trade in terms of value.
- Trade in cereals and oilseeds accounts for over half of U.S. trade value and the U.S. accounts for 45 percent of the total world trade in these products.
- U.S. exports of animals and animal products represent only about 4 percent of the total value of world trade.
- The EC, which accounts for about 12 percent of the value of world trade, relies on animal products and other high value exports for most of its trade value.
- The EC accounts for about 17 percent of the world's trade in animal and animal products and only about 5 percent of the world trade value in cereals and oilseeds.
- In 1980, the EC, including national government outlays, spent \$7.6 billion on export subsidies to support \$26.4 billion in total net EC trade in agricultural products.

EUROPEAN AND UNITED STATES EXPENDITURES ON AGRICULTURE, 1977-81

Item	1977	1978	1979	1980	1981	1977	1978	1979	1980	1981
	European Community (EAGGF*)					United States Government ^{1/}				
	-Bills. of Eur. Currency Units (ECU)-					-----Billion of Dollars-----				
Production/Income Support (price/income supports, disasters, etc.)	3.96	4.92	5.46	5.62	5.93	5.41	9.59	9.41	6.83	8.84
Production/Structures Support (conservation, land improvement, farm investment, etc.)	.11	.17	.23	.29	.30	.45	.56	.54	.52	.57
Marketing and Processing (quality control, inspections, export subsidies)	2.70	3.85	5.08	5.80	5.38	.53	.56	.60	.69	.75
Subtotal	6.77	8.94	10.77	11.71	11.61	6.39	10.71	10.55	8.04	10.16
	National Governments ^{2/}									
	3.46	4.40	5.07	5.26	4.98	N.A.	N.A.	N.A.	N.A.	N.A.
TOTAL	10.23	13.34	15.84	16.97	16.59	6.39	10.71	10.55	8.04	10.16
Value of Agricultural Production	89.8	96.4	104.6	117.9	128.7	136.9	145.5	163.1	171.9	174.1
Expenditures on agriculture as percent of value of agricultural production	11	14	15	14	13	4.7	7.4	6.5	4.7	5.8

^{1/} Excludes expenditures for functions related to agricultural research and extension, food aid (foreign and domestic), rural development and other functions that are non-production related.

^{2/} 1978-81 are estimated. Includes expenditures on above items only. Excludes expenditures for research and extension, food aid, rural development, and contributions towards income tax relief and social security.

* European Agricultural Guidance and Guarantee Fund.

World Grain Stocks*

Countries	1978/79	1979/80	1980/81	1981/82	1982/83 F
	Million Metric Tons				
United States	72.6	78.1	62.2	100.9	129.3
Canada	22.0	14.2	12.6	14.8	17.0
EC-10	16.5	14.6	15.7	13.7	13.6
India	21.3	15.2	12.2	13.1	12.5
Japan	9.9	10.1	8.3	6.5	5.6
USSR	23.0	10.0	5.0	5.0	5.0
Rest of World	55.8	54.4	63.7	62.1	55.0
World Total	221.1	196.6	179.7	216.1	238.0
U.S. Share (Percent)	33%	40%	35%	47%	54%

* = Ending stocks of wheat, coarse grains and rice. (July/June year)

F = Forecast.

USSR: AGRICULTURAL IMPORTS FROM THE US AND THE EEC
(Calendar Year)

1978 1979 1980 1981 1982

--Millions of Dollars--

From the US:

Total Ag Imports	1765.1	3000.1	1129.7	1720.3	2075.0 A/
Grain	1471.2	2394.3	1020.8	1609.4	1950.0 A/
Other	293.9	605.8	108.9	110.9	125.0 A/

From the EEC:

Total Ag Imports	244.5	579.2	1540.9	2000.0 A/	2100.0 A/
Grain 2/	104.3	55.4	311.2	600.0 A/	700.0 A/
Livestock and Dairy	43.3	371.2	556.5	600.0 A/	700.0 A/
Raw and Refined Sugar	13.7	50.2	401.2	500.0 A/	400.0 A/
Other	83.2	102.4	272.0	300.0 A/	300.0 A/

Sources: US data for 1978 through 1981 are calculated from Vneshnyaya torgovlya SSSR (Foreign Trade of the USSR) for various years. EEC data for 1978 through 1980 are from The United Nations Trade Data Summary for various years.

A/ Estimates of the EE-USSR Branch of the Economic Research Service.

B/ Includes cereal preparations. Grain and flour exports to the USSR in 1981 and 1982 are estimated to be 2.2 and 2.4 million metric tons (or about \$370 billion and \$400 billion) respectively.

World Agricultural Exports, Major Countries and Commodity Groups, 1980

	Total agricultural exports		Cereals		Oilseeds & Products		Animals & animals prod.		Other	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
U.S.	42.5	19	17.6	46	7.6	43	1.6	4	15.7	2
EC-9	(74.4)		(6.7)		(2.0)		(24.6)		(41.1)	
Intra	(48.0)		(4.1)		(1.4)		(17.9)		(24.6)	
Net EC-9	26.4	12	2.6	7	0.6	4	6.7	17	16.5	13
Australia	9.2	4	3.1	8	0.4	2	2.4	6	3.3	2
Brazil	9.1	4	---	---	1.1	6	0.6	1	7.4	6
Canada	6.9	3	3.6	9	0.7	4	0.8	2	1.8	1
Argentina	5.4	2	1.5	4	1.2	7	1.0	3	1.7	1
Total	99.5	44	28.4	74	11.6	66	13.1	33	46.4	
Other	128.2	56	9.9	26	6.0	34	26.8	67	85.5	65
World total	227.7	100	38.3	100	17.6	100	39.9	100	131.9	100

Compiled from UN and FAO data.